

United States District Court
for the
Southern District of New York
Related Case Statement

Full Caption of Later Filed Case:

Securities and Exchange Commission

<p style="text-align: center;">Plaintiff</p> <p style="text-align: center;">vs.</p> <p>Scott Lindell</p>	<p style="text-align: center;">Case Number</p>
<p>Defendant</p>	

Full Caption of Earlier Filed Case:

(including in bankruptcy appeals the relevant adversary proceeding)

Securities and Exchange Commission

<p style="text-align: center;">Plaintiff</p> <p style="text-align: center;">vs.</p> <p>James Velissaris</p>	<p style="text-align: center;">Case Number</p> <p>22-cv-01346(PKC)</p>
<p>Defendant</p>	

Status of Earlier Filed Case:

☐

Closed

(If so, set forth the procedure which resulted in closure, e.g., voluntary dismissal, settlement, court decision. Also, state whether there is an appeal pending.)

☒

Open

(If so, set forth procedural status and summarize any court rulings.)

On February 17, 2022, Plaintiff Securities and Exchange Commission (the "Commission") filed its complaint against defendant James Velissaris ("Velissaris"). On March 30, 2022, Judge Castel stayed the Commission's action against Velissaris, upon the motion of the United States Attorney's Office for the Southern District of New York, pending the conclusion of that office's related criminal trial against Velissaris, United States v. Velissaris, 22 Cr. 105 (DLC).

Explain in detail the reasons for your position that the newly filed case is related to the earlier filed case.

The newly-filed case alleges that defendant Scott Lindell—the former Chief Risk Officer, head of operations, and Chief Compliance Officer and a former portfolio manager and member of the Valuation Committee of SEC-registered investment adviser Infinity Q Capital Management LLC—was negligent with respect to Velissaris's fraudulent scheme that inflated the value of assets held by a mutual fund and a hedge fund by more than \$1 billion.

In the earlier case, the Commission alleges (in relevant part) that Velissaris—the founder and former chief investment officer of Infinity Q—actively manipulated the valuation models available from a certain third-party pricing service and altered inputs to mask the poor performance of the mutual fund and hedge fund that Infinity Q advised. This scheme allowed the Infinity Q Funds to attract investor funds and keep investors from redeeming their investments and allowed Velissaris to enrich himself through performance and management fees.

The Commission's newly filed complaint alleges that Lindell failed to exercise reasonable care and failed to undertake an appropriate investigation concerning multiple red flags that indicated Velissaris's valuations of the Infinity Q Funds' positions were inappropriate. Lindell also negligently misrepresented to investors and potential investors, representatives of the board of the mutual fund, and others that the Pricing Service was "independent" from Infinity Q when, in fact, Velissaris exercised control over the Pricing Service. Lindell, at Velissaris's direction, also helped Velissaris submit misleading documents to the SEC staff in response to the SEC's initial inquiries in this matter and, on one occasion, helped Velissaris mislead the mutual fund's auditor with at least reckless disregard of the truth. Lindell also willfully made misstatements on Infinity Q's Form ADV filings.

Signature: _____

*Andrew Dean*Date: 9/30/22

US Securities and Exchange Commission

Firm: _____